



Property Tax Updates

and

Overview of Business Tax Relief Programs

Maine Revenue Services

Property Tax Division



Division Overview

Primary Functions of the Division

***State
Valuation***

***Municipal
Services***

***Unorganized
Territory***



2021 Legislative Updates

Return of the Property Tax Deferral Program

- Allows qualified individual who is at least 65 or unable to work because of a disability to defer property taxes on primary residence.
- Previous program closed to new applicants in 1991.

Effective for April 1, 2022, tax year. L.D. 1733, P.L. 2021, c. 483, Pt. AA.



2021 Legislative Updates

Programs for Veterans

- Municipal Program—municipalities can adopt, by ordinance, program to provide benefits to veterans/eligible family members who own or rent.

Effective October 18, 2021. L.D. 191; P.L. 2021, c. 69.

- \$100 benefit for renters
- Owners' benefit is difference between full value of veterans' property tax exemption and actual value.
- Motor Vehicle Excise Tax—new law provides motor vehicle excise tax exemption for veterans who are receiving benefits based on total, service-connected disability.

Effective October 18, 2021. L.D. 1193, P.L. 2021, c. 240.



2021 Legislative Updates

Exemption Updates

- New property tax exemption for real estate and personal property owned and occupied or use solely for their own purposes by an association or network of labor unions (central labor councils).

Effective October 18, 2021. L.D. 198, P.L. 2021, c. 410.

- Beginning with April 1, 2022, tax year, State reimbursement to municipalities for Homestead Exemption increases 3% per year until it reaches 100%.

Effective July 1, 2021. L.D. 221, P.L. 2021, c. 398, Part PPP.





2021 Legislative Updates

Tax Increment Financing (TIF) Districts

- Permits tax increment financing to be used by a municipality to cover costs associated with the development and operation of affordable housing even if the district is not an affordable housing development district.

Effective October 18, 2021. L.D. 953, P.L. 2021, c. 261.





2021 Legislative Updates

Administrative Changes

- Municipal tax deferral program—law amended to allow municipalities to charge an interest rate lower than that charged for delinquent taxes for property enrolled in a municipal property tax deferral program under 36 M.R.S. § 6271.

Effective October 18, 2021. L.D. 897; P.L. 2021, c. 120.

- Abandoned property—law establishes a process for municipalities to declare tax-acquired residential properties as abandoned and clear title on the property in 6 months instead of 5 years.

Effective October 18, 2021. L.D. 1132; P.L. 2021, c. 127.

- Declared ratio accuracy—law lowers the declared ratio accuracy threshold in 36 M.R.S. § 383 to align with homestead exemption threshold.

Effective October 18, 2021. L.D. 1216, Part C; P.L. 2021, c. 181.

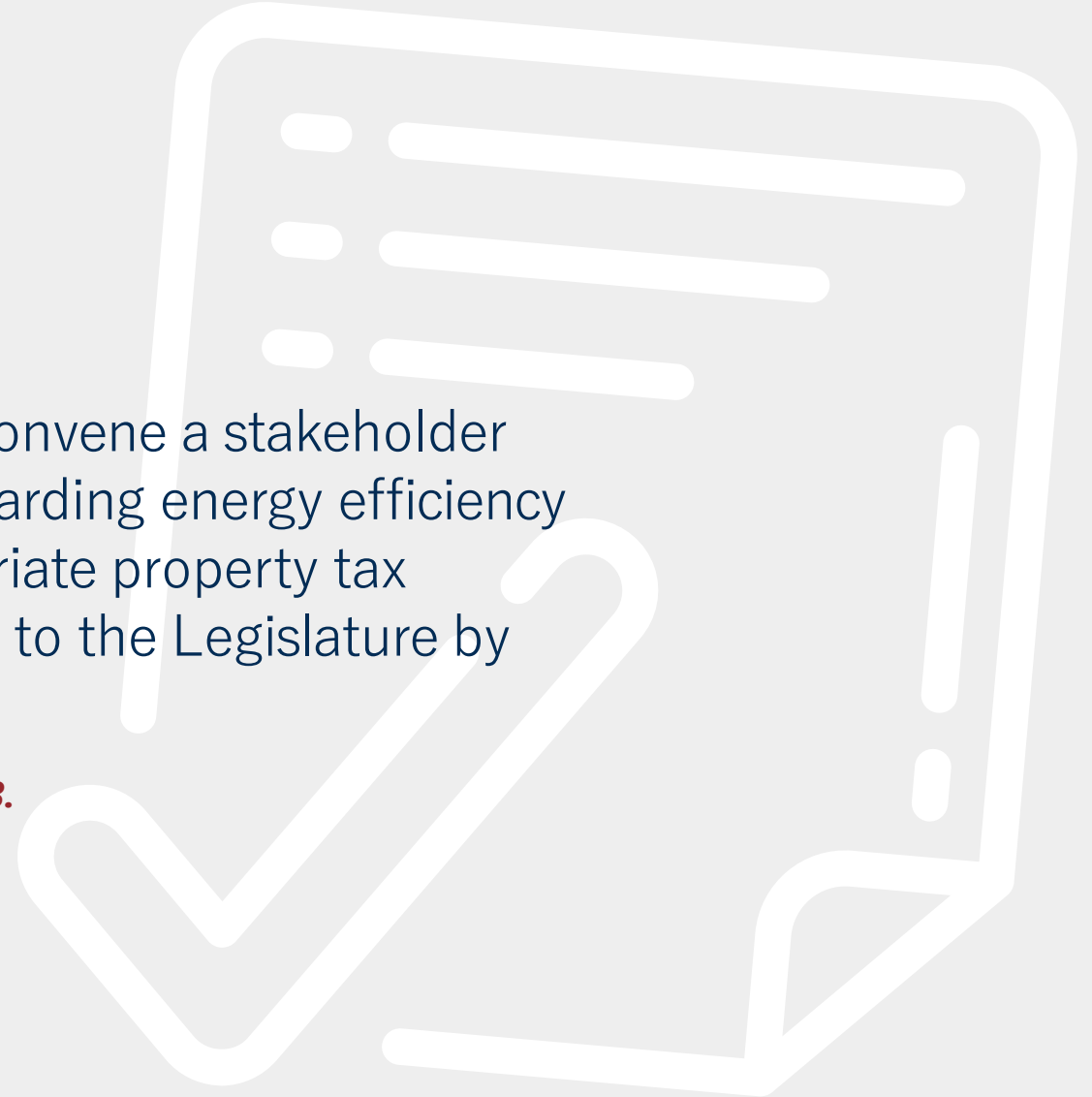


2021 Legislative Updates

Miscellaneous

- Maine Revenue Services is required to convene a stakeholder group to review assessment policies regarding energy efficiency property to determine the most appropriate property tax assessment method, then issue a report to the Legislature by December 1, 2021.

Effective October 18, 2021. L.D. 179; Resolves 2021, c. 93.





COVID Related Updates

Series of Executive Orders issued related to COVID

- Extended deadline for exemption and current use applications
- Gave municipalities more flexibility for holding public meetings and setting budgets
- Most tied to end of civil emergency (June 30)
- Exception: municipal officers can continue to set due dates, interest rates, and dates when interest begins to accrue for taxes committed in 2021 if the town is unable to hold its annual budget meeting.



Business Property Tax Relief Programs

Renewable energy equipment exemption

Current use programs

Business Equipment Tax Exemption (BETE)

Business Equipment Tax Reimbursement (BETR)



“New” Renewable Energy Exemption

REFERENCE: 36 M.R.S. §§ 655(1)(U) & 656(1)(K)

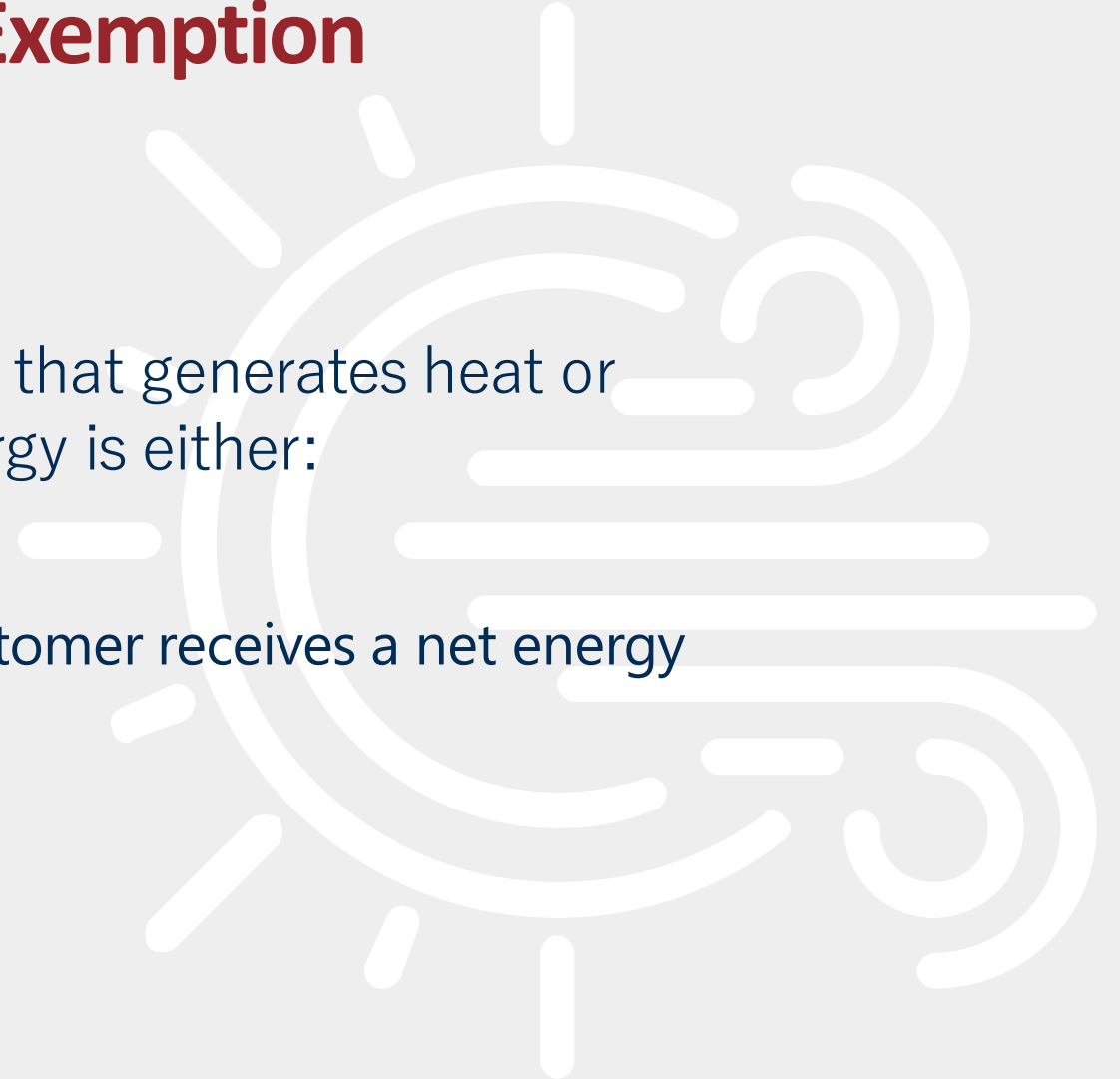
- Effective for April 1, 2020, tax year
 - Taxpayer must apply with town assessor before April 1 for first year they claim exemption.
- Exemption from property tax for certain solar and wind equipment



“New” Renewable Energy Exemption

Eligible Equipment

- Solar and wind energy equipment that generates heat or electricity if all the generated energy is either:
 - Used on site, or
 - Connected to the grid and the customer receives a net energy billing credit





“New” Renewable Energy Exemption

Eligible Equipment

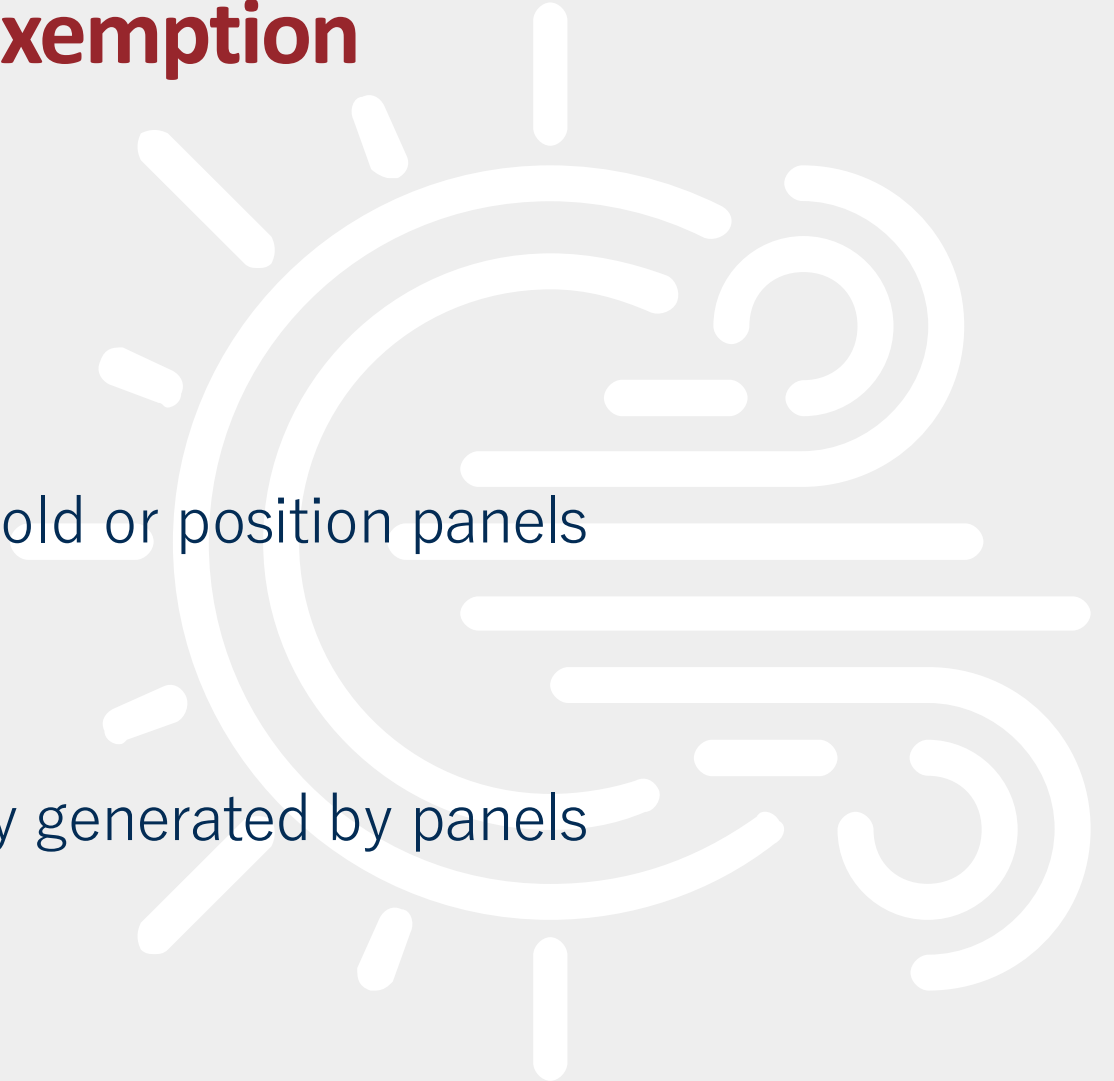
- Equipment must also either:
 - Generate the heat or electricity
 - Be necessary for the generation or conversion of the energy into usable form
- For solar, generally will include all equipment from the panels to the inverter
 - Generally not equipment from inverter to grid



“New” Renewable Energy Exemption

Eligible Equipment

- Solar panels
- Racks/mechanical equipment to hold or position panels
- Inverters
- Batteries for storing only electricity generated by panels





“New” Renewable Energy Exemption

Ineligible Equipment

- Meters
- Control panels
- Equipment connected after the inverter
- Transmission lines between inverter and the grid
- Land
- Equipment not yet in service





“New” Renewable Energy Exemption

Other Considerations

- Property eligible for renewable energy exemption is not eligible for BETE, even if it isn't claimed.
- Net energy billing eligibility limits
 - Current Public Utilities Commission statute limits NEB to arrays with capacity of < 5 MW.



Current Use Programs

Farmland

Tree Growth

Working Waterfront





Current Use Programs

By the Numbers

- 134,000 acres in Farmland
- 11.1 million acres in Tree Growth
- 162 acres in Working Waterfront





Farmland Program

Purpose

- Encourage preservation of farmland
- Prevent forced conversion of farmland to “more intensive uses”

Allows land to be taxed based on current use as farmland rather than just value (highest and best use)

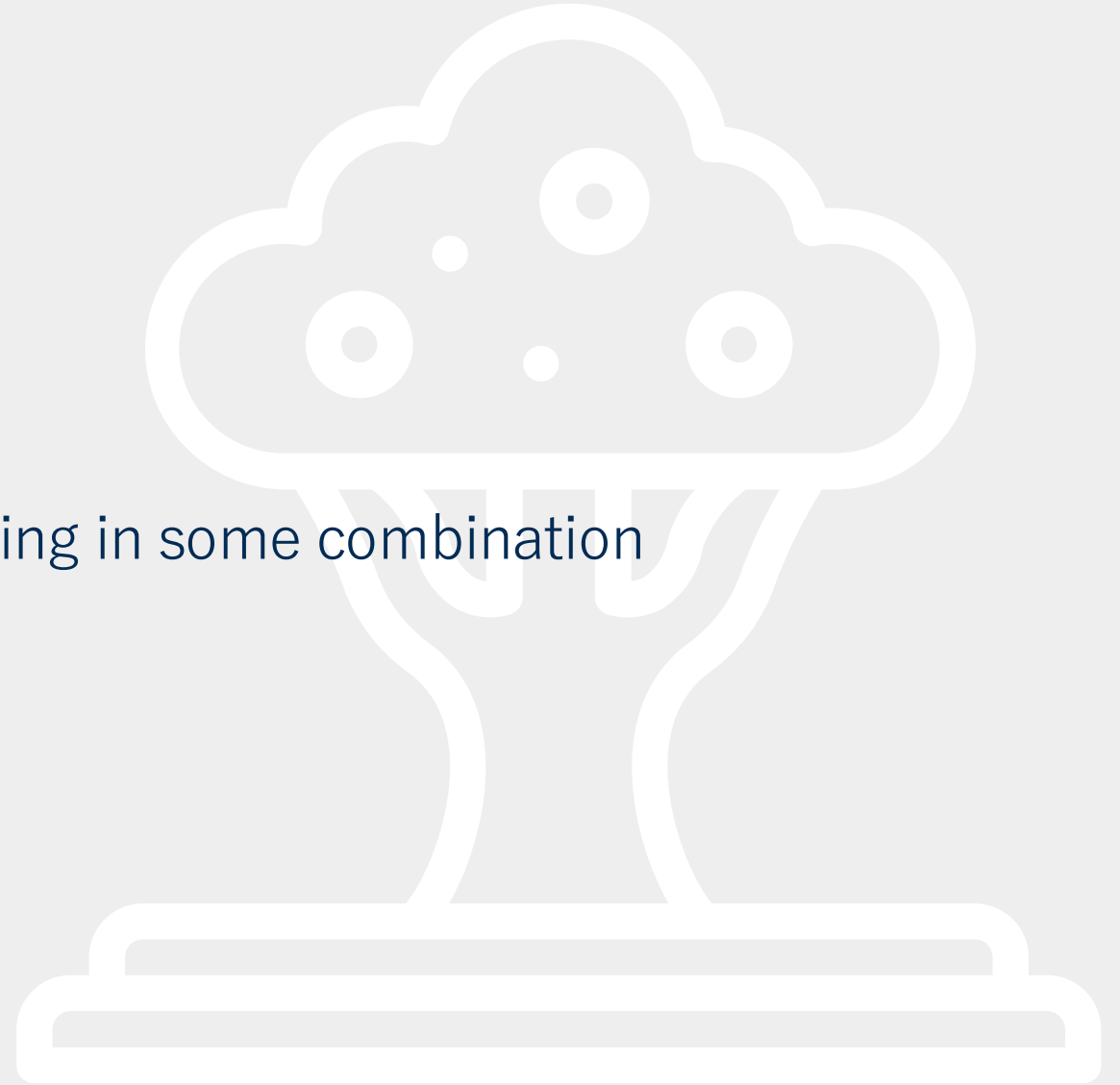




Farmland Program

Requirements

- 5 contiguous acres
- \$2,000/year of income from farming in some combination of preceding 2, 3, or 5 years
- Must apply first year

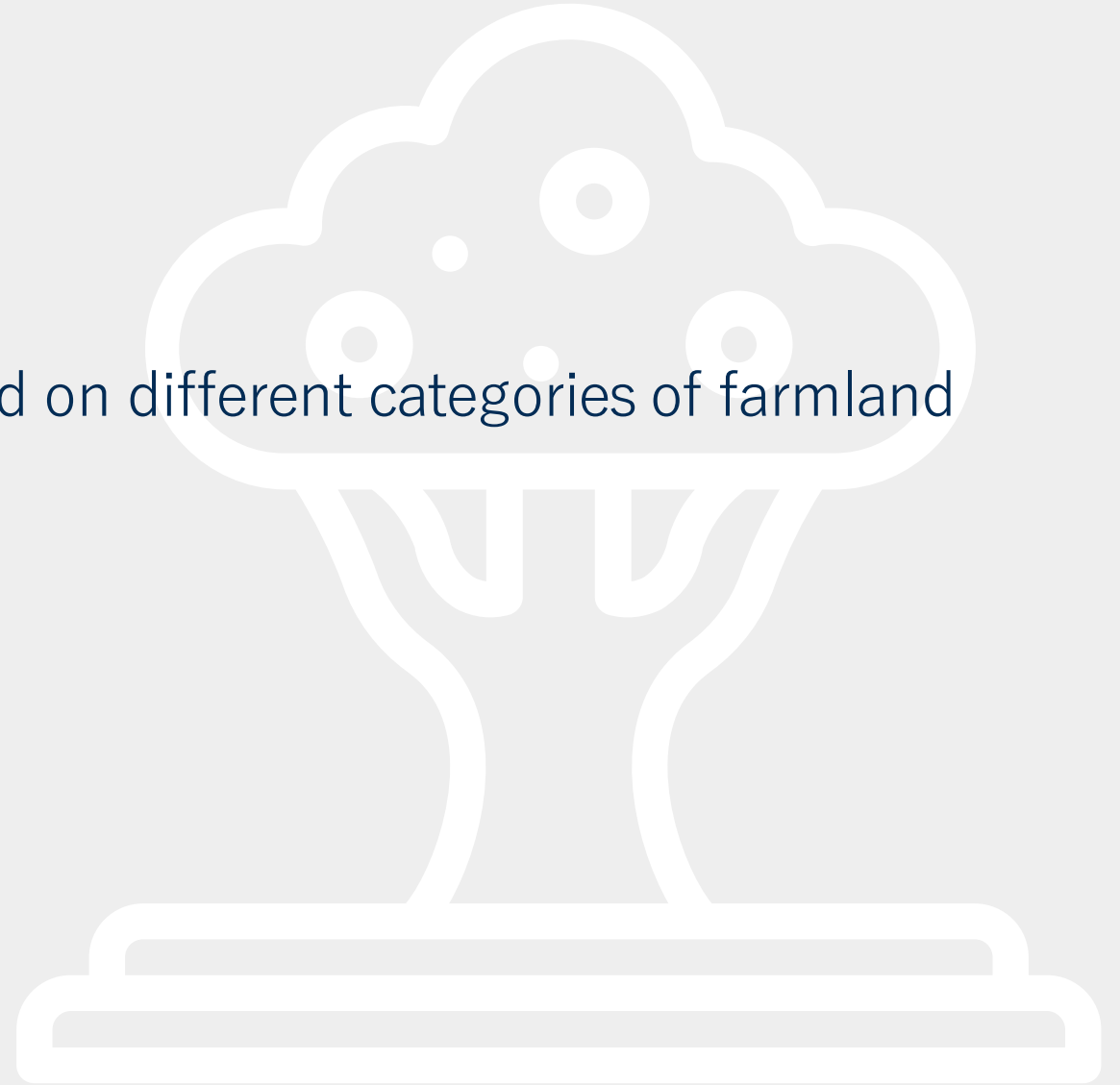




Farmland Program

Valuation

- DACF/MRS develops values based on different categories of farmland
 - Cropland
 - Orchard land
 - Pastureland
 - Horticultural land (edible)
 - Horticultural land (ornamental)
 - Blueberry land





Tree Growth Program

Purpose

- Encourage forest landowners to retain and improve forest lands
- Promote better forest management practices

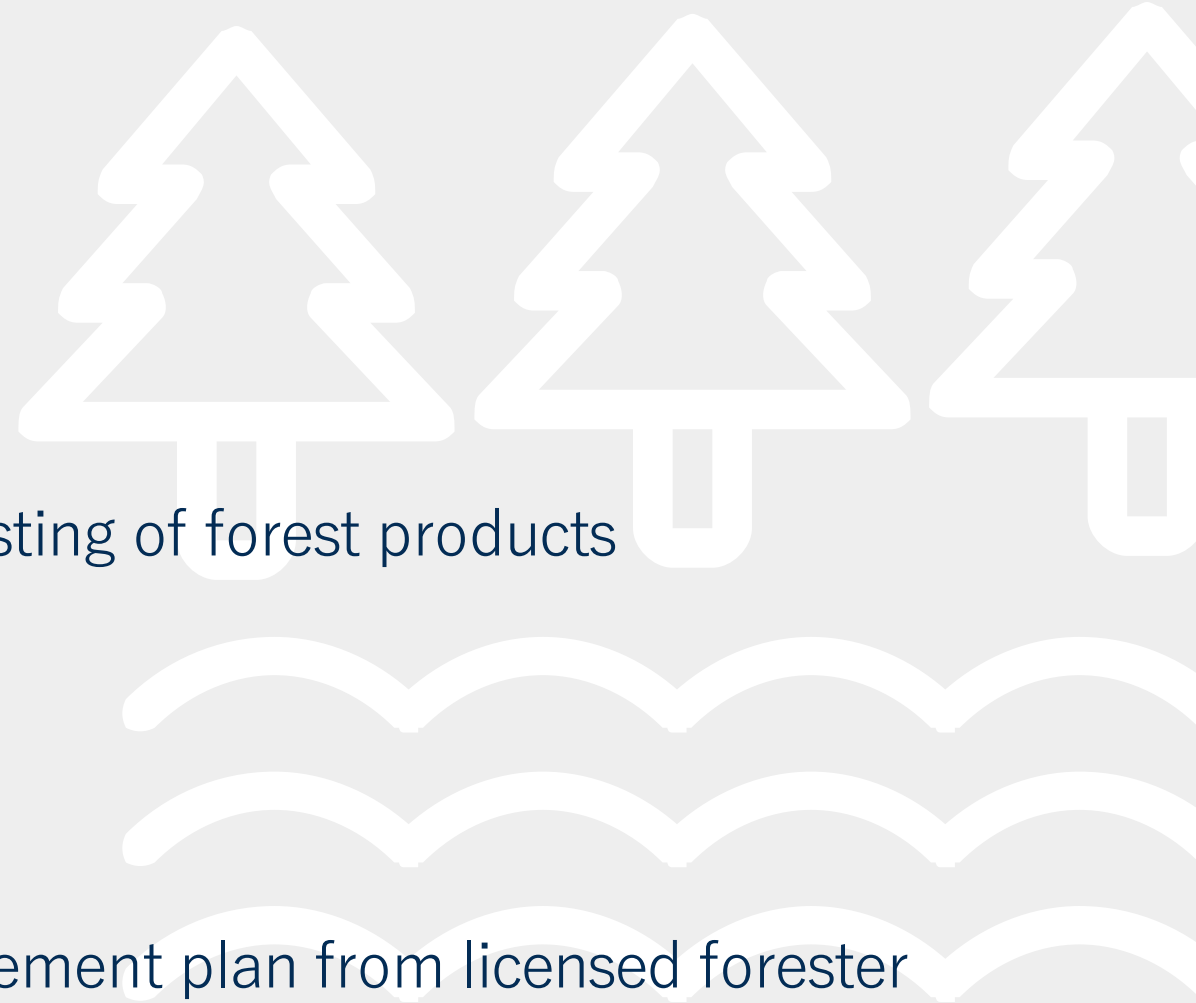
Allows forest land to be taxed based on value as forest land rather than just value (highest and best use)



Tree Growth Program

Requirements

- 10 acres of forested land
- Must be used for commercial harvesting of forest products
 - Logs
 - Christmas trees
 - Maple syrup
 - Wood chips
 - Wreaths
 - Fuel wood
- Must have and follow forest management plan from licensed forester





Tree Growth Program

Valuation

- DACF/MRS develops values based on different categories of forest land by county
 - Softwood
 - Mixed Wood
 - Hardwood





Working Waterfront Program

Purpose

- Encourage preservation of working waterfront
- Prevent conversion from economic pressures and high taxes
- Support commercial fishing activities

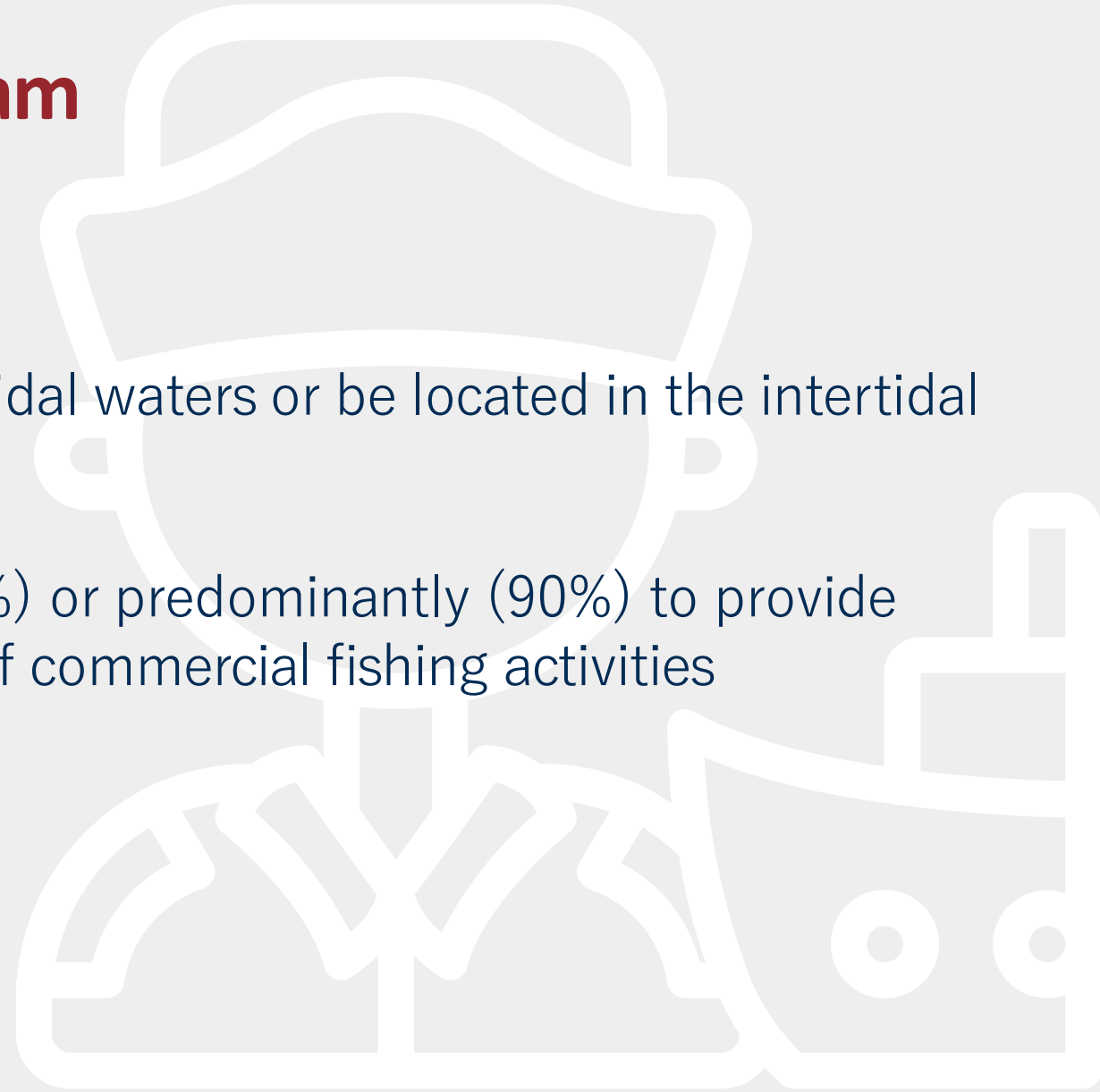
Allows waterfront to be taxed based on value as working waterfront rather than just value (highest and best use)



Working Waterfront Program

Requirements

- No minimum size, but must abut tidal waters or be located in the intertidal zone
- Must be used either primarily (50%) or predominantly (90%) to provide access to or support the conduct of commercial fishing activities
 - Commercial aquaculture
 - Commercial fishing

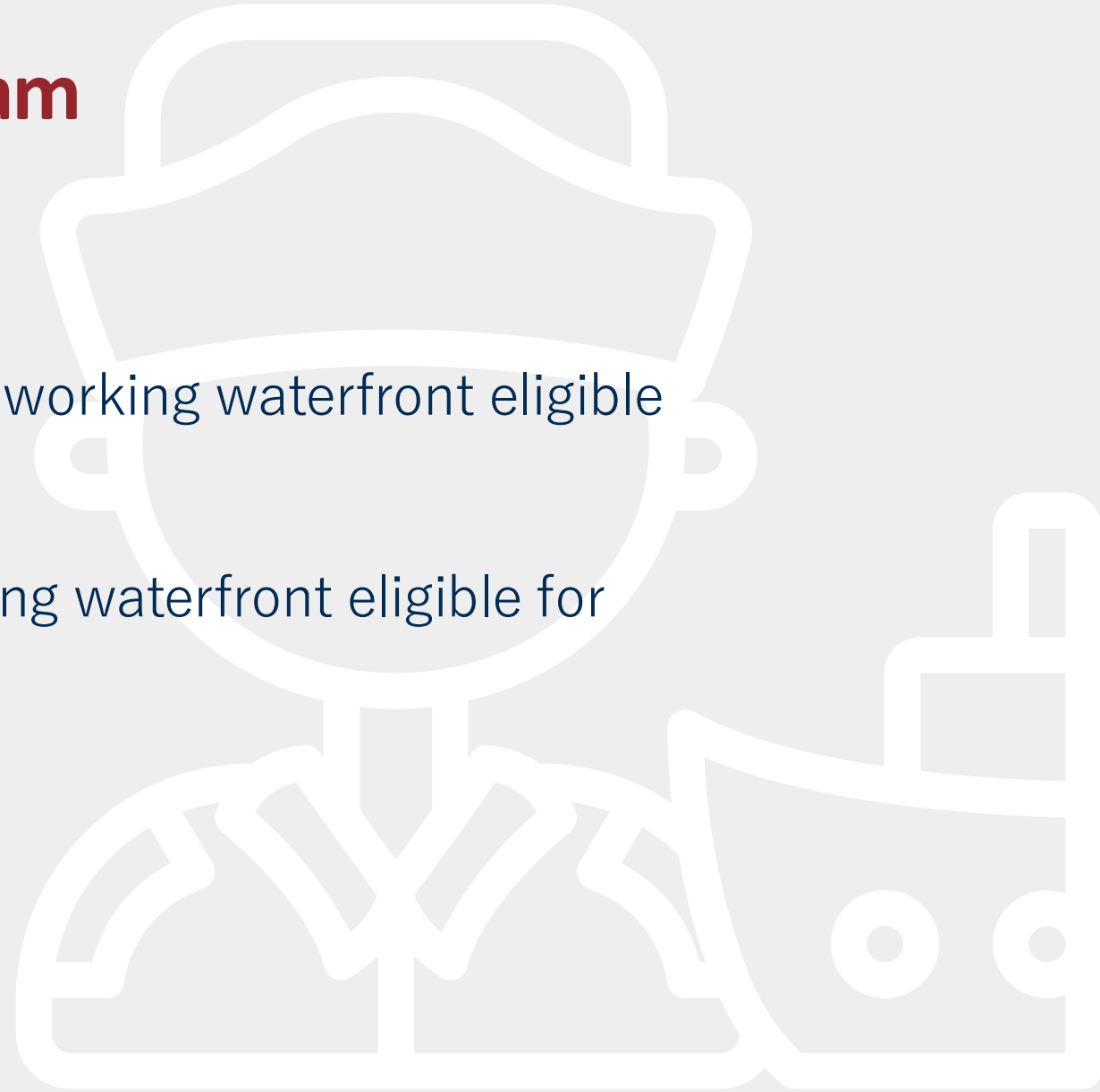




Working Waterfront Program

Valuation

- Waterfront predominantly used as working waterfront eligible for 20% reduction
- Waterfront primarily used as working waterfront eligible for 10% reduction





Business Equipment Tax Exemption (BETE)

REFERENCE: 36 M.R.S. §§ 691 – 700-B

- The BETE program exempts eligible business equipment from property tax.
- Municipalities are reimbursed at least 50% of the taxes lost



Business Equipment Tax Exemption (BETE)

“Eligible business equipment,” as defined in 36 M.R.S. § 691(1)(A), means business equipment that was first placed in service in Maine on or after April 2, 2007 and was first subject to assessment on or after April 1, 2008. Eligible business equipment includes property of any age, as long as it was first placed in service in Maine on or after April 2, 2007.



Business Equipment Tax Exemption (BETE)

Example: A piece of machinery is purchased and placed in service in New Hampshire in 1961. In 2018, the machinery is then sold to a Maine business, moved to Portland, and placed in service in Maine for the first time. This machinery satisfies the requirement for property to be first placed in service in Maine on or after April 2, 2007.



Business Equipment Tax Exemption (BETE)

What Qualifies?

“Qualified property” means tangible personal property that:

1. Is used or held for use **exclusively** for a business purpose by the person in possession of it or, in the case of construction in progress or inventory parts, is intended to be used exclusively for a business purpose by the person who will possess that property; **and**



Business Equipment Tax Exemption (BETE)

What Qualifies?

2. Property that is affixed or attached to a building or real estate if the property is used primarily to further a particular trade or business activity taking place in that building or on that real estate.

This **does not** include:

- A building or components or attachments to a building if they are used **primarily to serve the building as a building**, regardless of the particular trade or activity taking place in or on the building.
 - Examples would be overhead doors, flooring etc.
- Land improvements if they are used **primarily to further the use of the land as land**, regardless of the particular trade or business activity taking place in or on the land.
 - Examples would be paving, fencing or outside lighting etc.



Business Equipment Tax Exemption (BETE)

Excluded Property – Ineligible for BETE Exemption

- Property owned by an excluded person
- Certain excluded property
- Property located at a retail sales facility and used in a retail sales activity
- Property exempted by another provision of law



Business Equipment Tax Exemption (BETE)

Excluded Persons

Property owned or used by the following persons does not qualify for BETE:

- 1) A public utility;
- 2) A provider of radio paging services;
- 3) A provider of mobile telecommunications services;
- 4) A cable television company;
- 5) A provider of satellite-based direct television broadcast services;
- 6) A provider of multichannel multipoint television distribution services; or
- 7) A pollution control facility



Business Equipment Tax Exemption (BETE)

Excluded Property

- 1) Office furniture;
- 2) Lamps and lighting fixtures used primarily for general office lighting;
- 3) Property owned or used by an excluded person;
- 4) Telecommunications personal property subject to tax under 36 M.R.S. § 457;
- 5) Gambling machines or devices;
- 6) Retail property;
- 7) Natural gas pipeline (except pipeline less than one mile in length and owned by a consumer), pumping or compression stations, storage depots, and appurtenant facilities used for natural gas;
- 8) Property used to produce or transmit energy primarily for sale; and
- 9) Property otherwise exempt from taxation.



Business Equipment Tax Exemption (BETE)

Retail Property

- Property located at a retail sales facility and used primarily in a retail sales activity does not qualify for BETE.
- "Retail sales facility" means a structure used to serve customers who are physically present at the facility to select and either purchase or rent tangible personal property.
 - Retail sales facility does not include a separate structure that is used as a warehouse or call center facility.
- "Primarily" means more than 50% of the time



Business Equipment Tax Exemption (BETE)

Retail Sales Activity

“Retail sales activity” means an act associated with the selection and either **purchase or rental of tangible personal property**. Retail sales activity does not include production, manufacturing, or processing. Generally, a retail sale activity occurs when a customer selects, purchases, and receives an item of **tangible personal property** that the customer **takes with them when they leave**.



Business Equipment Tax Exemption (BETE)

Retail Sales Exception

“Business equipment located at retail sales facilities that exceed 100,000 square feet of interior customer selling space (i.e., space that is used by, and accessible to, customers) that is used primarily for retail sales and whose Maine-based operations derive less than 30% of their total annual revenue from sales that are made at retail facilities located throughout Maine”

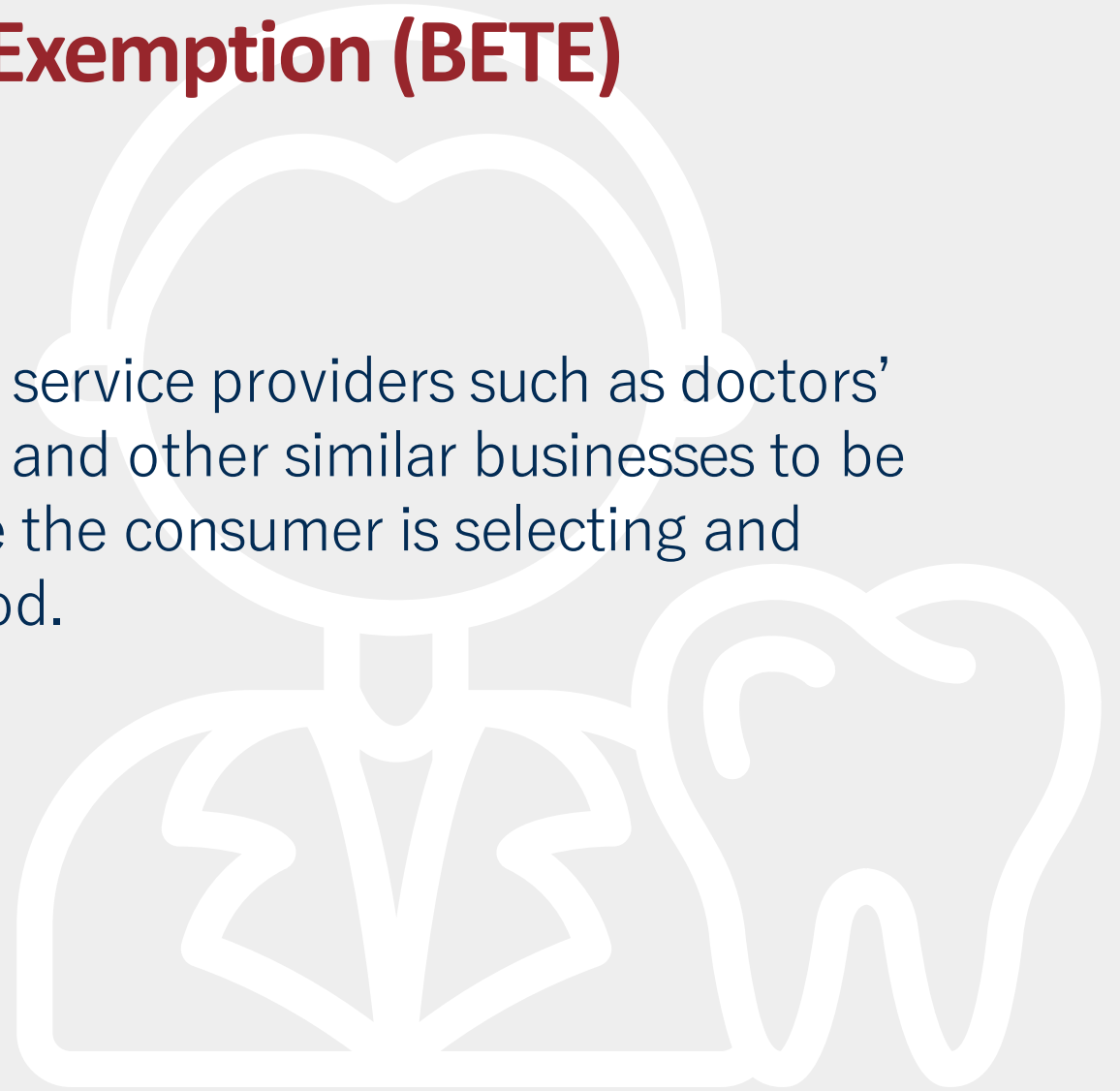




Business Equipment Tax Exemption (BETE)

Service Providers

Maine Revenue Services considers service providers such as doctors' offices, hair salons, hotels/motels, and other similar businesses to be allowable BETE locations because the consumer is selecting and purchasing a service and not a good.





Business Equipment Tax Exemption (BETE)

Property Otherwise Exempt

Property that is exempt from property tax under another area of law is not eligible for BETE. This includes, but is not limited to, the following:

- 1) Public property exempt pursuant to 36 M.R.S. § 651.
- 2) Personal property exempt pursuant to 36 M.R.S. § 655.
- 3) Property of Institutions and Organizations exempt pursuant to 36 M.R.S. § 652,
 - **Located at hospitals, health maintenance organizations, & blood banks—this includes leased property!**
- 4) Property leased to public schools. (20-A M.R.S. § 4001(3)(C))
- 5) Property exempt pursuant to 36 M.R.S. § 656.
 - Water pollution control, air pollution control, animal waste storage facilities, Mining property, landing area of privately owned airport, corporations supplying water to municipalities



Business Equipment Tax Exemption (BETE)

How to Apply

- ✓ File a BETE application by April 1st of each year with the local assessor(s) where the property would be subject to taxation, whether or not there are changes in their eligible business equipment
 - ✓ Filing deadline is automatically extended to May 1st
- ✓ On written request, an assessor may grant the applicant an additional extension of time to file the application. An extension of time may not extend beyond the municipal tax commitment date.
- ✓ Application must be signed
- ✓ Description must be sufficient to determine eligibility



Business Equipment Tax Exemption (BETE)

Maine Revenue Services - Property Tax Division									
Business Equipment Tax Exemption Application									
(36 M.R.S. §§ 691 – 700-B)									
This application must be filed every year with the municipal assessor no later than May 1									
Name of Business: _____		Type of Business _____							
Business Address: _____		Account # _____							
Name of Owner: _____									
(See instructions on reverse page)									
	Description of the Exempt Equipment (please be specific)	Purchased / Placed in Service in Maine (Month / Year)	Current Age	Cost or Value New	Estimate of Current Value	Physical Address of Equipment (Leased Equipment Only)	To be Completed by the Assessor		
							TIF (Y / N)	BETE Eligible (Y / N)	Assessed Value
1									
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Applicant (or property owner) signature: Under penalties of perjury, I declare that I have examined this application and accompanying schedules and, to the best of my knowledge and belief, they are true, correct and complete. Declaration of preparer (other than applicant) is based on all the information of which the preparer has knowledge.

Applicant Signature _____ Date _____

Preparer Signature _____ Date _____

Assessor (or agent of the assessor) signature: Under penalties of perjury, I declare that I have examined this application and accompanying schedules and, to the best of my knowledge and belief, they are true, correct and complete.

Assessor (Agent) Signature _____

Date _____

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Maine Revenue Services: Rev. 8/18



Business Equipment Tax Exemption (BETE)

Appeals to Local Assessor

In the event that a property is determined to be ineligible, the **assessor shall provide a written notice of denial, including the reason** for the denial, to the taxpayer prior to the commitment date by certified mail. **Taxpayers may appeal the decision** of the assessor(s) by using the procedures provided in Title 36 subchapter 8 (Abatements).



Business Equipment Tax Exemption (BETE)

Supplemental Assessment

If the assessor or Maine Revenue makes a determination that property receiving an exemption was not entitled, the assessor shall make a supplemental assessment of the property, plus costs and interest

- Taxpayers may appeal by using the procedures provided in Title 36 subchapter 8 (Abatements) or by pursuing such other actions or proceedings by which other property tax exemptions under this chapter maybe reviewed or adjudicated



Business Equipment Tax Reimbursement (BETR)

BETR – What is it?

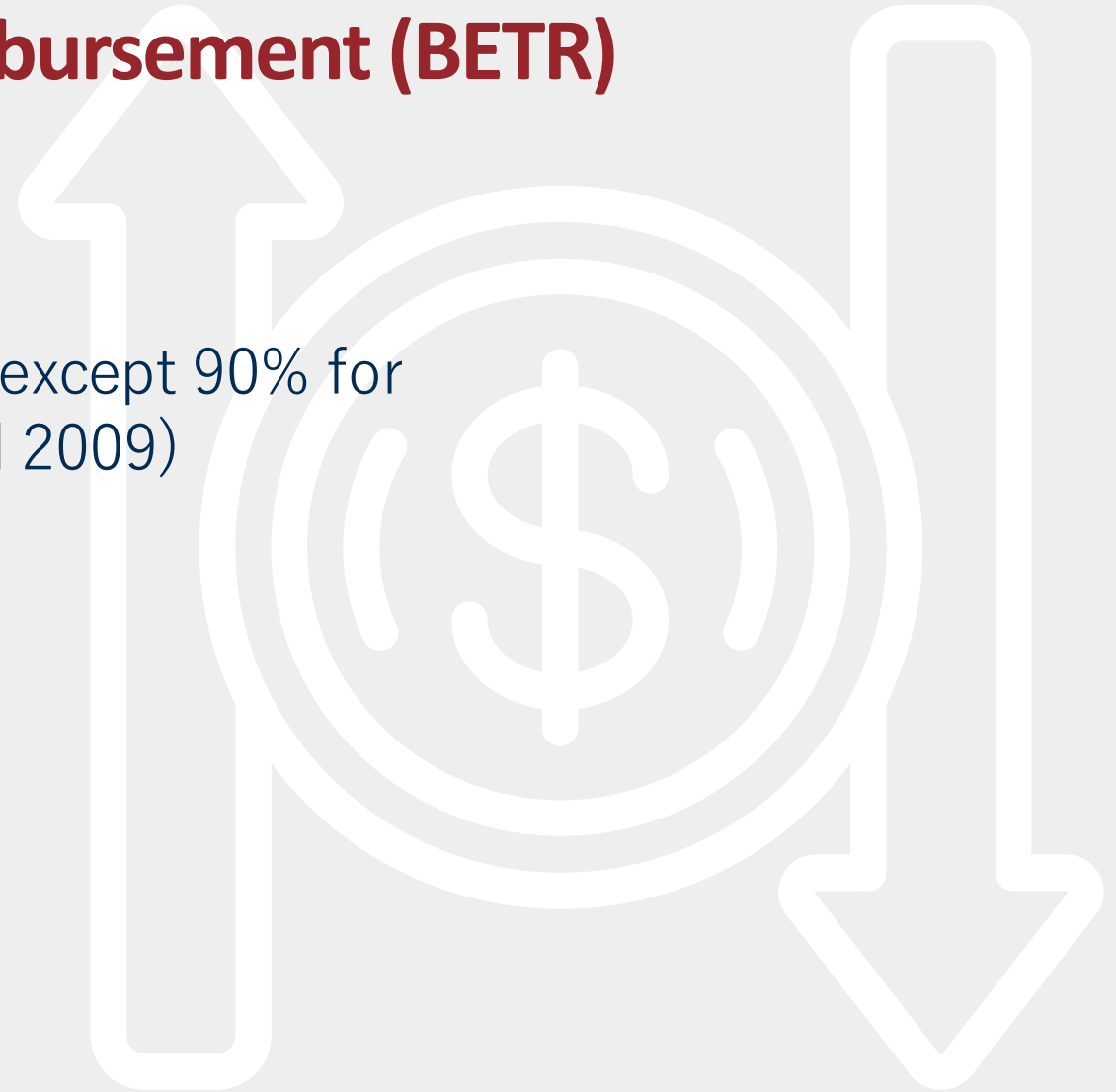
- A reimbursement program
 - Taxpayers pay taxes to local municipalities on qualified property and are reimbursed for a portion or all of those taxes by the State of Maine
- Applies to qualifying property first placed in service in Maine (In the absence of BETR) from 4/2/95 to 4/1/07.
- BETR continues for certain retail business property even if placed in service in Maine after 4/1/07



Business Equipment Tax Reimbursement (BETR)

Reimbursement and Duration

- 100% of taxes for the first 12 years (except 90% for taxes paid in calendar year 2005 and 2009)
- For years 13 and thereafter:
 - 13th year ... 75%
 - 14th year ... 70%
 - 15th year ... 65%
 - 16th year ... 60%
 - 17th year ... 55%
 - 18th year ... 50%
 - and later





Business Equipment Tax Reimbursement (BETR)

Two Step Reimbursement Process

- File list of eligible equipment with municipal assessor (Form 801)
 - List of eligible property; state of origin if equipment is used; number years reimbursement has been claimed; date placed in service; original costs
 - Assessor fills in assessed value; tax rate; assessed tax and signs
- File reimbursement claim with Maine Revenue (Form 800)
 - File between August 1 and December 31 for taxes paid in prior calendar year



Business Equipment Tax Reimbursement (BETR)

Filing BETR Claim with MRS

- Necessary Information:
 - Completed original Form 800
 - Completed Form 801 filled out and signed by local assessor
 - Tax receipt or cancelled check
 - Property tax bill
- Timely Filing Required
 - Claim barred if not timely filed
 - State Tax Assessor may extend Form 800 filing deadline for up to 60 days. Taxpayer must show "good cause."



MRS Property Tax Division

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www.maine.gov/revenue/taxes/property-tax

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